

## GLOBALIZATION AND PEACE: A HAYEKIAN PERSPECTIVE

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*“Para mí, los estados, son producto de las fantasías de los hombres. ¿Cómo explicar de otro modo que al sur de una línea la tierra cambie de nombre?”*

—Jorge Luis Borges (1978)<sup>1</sup>

### Introduction

IN HIS *Studies in Philosophy, Politics and Economics* (1967, p. 168), Nobel Prize laureate Friedrich A. von Hayek explains that “from the first establishment of [trade] which served reciprocal but not common purposes, a process has been going on for millennia which, by making rules of conduct independent of the particular purposes of those concerned, made it possible

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<sup>1</sup>“To me, States are a product of the fantasies of men. How else can it be explained that south of a certain line the land changes its name?” Quoted in Martín Krause, “La Filosofía Política de Jorge Luis Borges,” Atlas 1853 Foundation, [www.atlas.org.ar/cultura/pdf/krause.PDF](http://www.atlas.org.ar/cultura/pdf/krause.PDF).

to extend these rules to ever wider circles of undetermined persons and eventually might make possible a universal peaceful order of the world.”

Today, we can denominate this the *process of globalization*, understanding as such the process that arises spontaneously in the market and acts by developing a progressive international division of labour, eliminating restrictions on individual liberties, reducing transportation and communication costs, and increasingly integrating the individuals that compose the “great society.”

The purpose of the present essay is to attempt to deepen our understanding of this Hayekian thesis and develop an explanation of why the said process could lead to world peace.

To be consistent with Hayek’s works, we must conduct a multidisciplinary analysis of the process under consideration; analysis which must necessarily include a historical reference, an economic study, a legal approach, and finally the consideration of its cultural implications.

It is not unimportant to point out that this essay is far from exhausting the subject at hand. On the contrary, our intention is to merely introduce and explore certain aspects that we understand should be considered in the course of a complete investigation of the topic.

### **Origin, Development, and Evolution of Globalization**

Hayek was keen on heading his theoretical reflections with brief historiographical articles on the specific subject he proposed to broach. In this particular essay we will try to duplicate his methodology, which thus forces us to retreat several centuries in history and consider the origin of commerce and its evolution towards increasing and progressive specialization.

The process of globalization is not a new phenomenon, yet there is little agreement amongst historians and economists as to its origin. Richard Ebeling (2002), for example, describes globalization as a process that “has been developing with increasing intensity for more than 200 years.” However, we do not find globalization’s origin during the last years of the 18<sup>th</sup> century; nor do we find it in the 16<sup>th</sup> century, when the European powers discovered the “New World.” Despite the fact that since the Industrial Revolution, technological innovations allowed an acceleration of globalization, the tendency towards trade, cooperation and—why not—integration, has been germinating since Ancient times. It began operating among tribes and clans, which crossed their own boundaries in search of

exchange; and gradually extended to towns, cities, provinces, states and empires.

This means we must retreat even further and analyze the origin of commerce, where we may find a more accurate understanding of the birth of the process of globalization.

We observe in Hayek's *The Fatal Conceit* (1988) a clear description of the origin and evolution of trade through a series of historical, archaeological and anthropological works. Leakey (1981, p. 212), for example, states that "trade is older than agriculture or any other sort of regular production." Herskovits (1948) points out that "in Europe there is evidence of trade over very great distances even in the Palaeolithic age, at least 30,000 years ago."

Hayek's investigations show that eight thousand years ago, Catal Hüyük in Antolia and Jericho in Palestine had become centers of trade between the Black and the Red Seas, even before trade in pottery and metals had begun. Both represented early examples of those "dramatic increases of population" that are occasionally alluded to by the expression "cultural revolutions."

According to archeological science, the great expansion of commercial activity, giving ground to the subsequent might of classic civilization, took place as early as the sixth, seventh and eighth centuries before Jesus Christ, times so distant that historical documentation is limited.

This mercantile expansion seems to have given rise to a remarkable population increase of the Greek and Phoenician commercial centers, which competed with each other in the establishment of colonies until at the beginning of the classical era all depended vitally on regular mercantile activity.

Therefore one cannot doubt the existence of some degree of commercial activity even in the most primitive stages of history, nor of its decisive influence in the germination of vaster orders. However, Hayek (1988) warns that such a process would only manage to progress amidst great difficulties, and would doubtlessly mean the rupture of many tribal bonds. Once an agreement was established regarding the convenience of respecting plural property, certain unimaginable practices had yet to be tolerated so that the communities would allow the exportation of certain articles coveted by the community that would otherwise have been dedicated to the satisfaction of certain local needs. This would be necessary to benefit the foreign peoples and afford necessities only partially susceptible to identification on the part of the tradesmen themselves—not to mention the population in general.

Thus commerce gave way to sedentary civilizations in new places, which consequently enabled further specialization, a process that would

finally culminate in demographical expansions. In this manner, Hayek (1988, p. 40) explains that a chain reaction began: “the greater density of population, leading to the discovery of opportunities for specialisation, or division of labour, led to yet further increases of population and per capita income that made possible another increase in the population. And so on.”

Despite the fact that globalization finds its seeds in this gradual progress of exchange and commerce, there were certain periods in history in which the process expanded rapidly. Perhaps the first acceleration can be found in the 15<sup>th</sup> and 16<sup>th</sup> centuries, when several European powers expanded their navies and roamed the Earth, conquering, colonizing and developing commercial trade on an unprecedented scale. Richard Ebeling (2002) explains:

But it was only following the great explorations of the 15th and 16th centuries, with the opening of new trade routes from Europe to Africa and Asia and the discovery of a “New World,” that the modern era of international trade began its development. It has followed an accelerating trajectory since the 18th century, as both the technical means and the institutional order have permitted the potentials of global commerce to expand dramatically.

This reference by Ebeling leads us to the second acceleration of the process of globalization, framed by the first Industrial Revolution. As Landes (1979, p. 15) states, the associated series of technological innovations substituted human ability with machinery and traded animal and human force for mechanical energy, bringing about the leap from manual to factory production and giving way to the birth of Modern Economics. The Industrial Revolution was initiated in England during the 18<sup>th</sup> century, from where it expanded towards Continental Europe and a few other areas, transforming in the course of less than two generations the life of Western man, as well as the nature of his society and of his relations with the rest of the peoples of the world. In this manner, the Industrial Revolution initiated an accumulative process of self-propelled technological advance whose repercussions would be felt in all aspects of economic life.

The revolution in transport and communications, for example, afforded an unprecedented impact in the international markets of capital and goods, but also in the market of labour. Let us remember that sixty million Europeans emigrated in the hundred years following 1820: three-fifths to the United States, many others within Europe and a significant percentage to Latin American countries, especially Argentina. The majority of European immigrants sought an escape from poverty, and wages on the American continent were relatively higher.

The process of globalization then played a fundamental role in wage convergence in different countries. Around the end of the 19<sup>th</sup> century, this convergence took place when Europe, where wages were low and work was labor-intensive, was forced to compete with the high purchasing power of wages in the Americas, including the developing nations of Argentina and Canada. Undoubtedly, the salary convergence between 1850 and 1914 was due to the force of the opening of the economy, both commercial and migratory.

As Dr. Avila (2004) points out, “internationalization was the rule. Conferences were held to standardize almost everything, from weights and measures to the post service. The adoption of the gold standard was the expression of this process on a monetary level.”

What happened to that state of affairs? Again Jorge Avila (2004) provides us with an answer: “That prosperous and cosmopolitan world was destroyed by two events and one ideological change: World War I and the Great Depression, and the rejection of the liberal doctrine that came as a reaction to such events. World War I created a profound disappointment regarding the democratic system and internationalism. The decade of the 1920s brought protectionism, inflationary spirals and devaluations. And the Great Depression destroyed the confidence in capitalism and competition, placing the State in the center of the economic scene.”

But we must add one more factor to the causes of this debacle: the most prestigious universities from around the world embraced Marx’s communism and Keynesian interventionism, substituting classical ideas and the Austrian School of Economics itself, while revitalizing the fallacies of the Mercantilist School. Liberal orthodoxy was replaced by Marxist-Keynesian pragmatism.

Today we find ourselves amidst the full development of what many are already calling the Third Industrial Revolution, which has again changed the way of life of the so-called global village, in every sense. The speed of today’s communications has radically altered human relations on all levels. The access to knowledge and information becomes much faster and, even more importantly, at a much lower cost. These advances notably reduce the cost of many goods and services, increasing their mobility and versatility. They facilitate computerized control of production and enable the creation of new products, which flood the markets. More efficient communication, at a cheaper price, along with new work tools, force us to modify the traditional business organization, seeking flexibility in order to better adapt to change.

Indeed, as Hans Sennholz (2004) comments, the barriers to international trade continue to crumble as globalization continues its advance.

According to the World Trade Organization (WTO) the volume of trade is increasing at an annual rate of more than six percent, and exceeding the five trillion dollar barrier. Approximately 60,000 “transnational” companies, with more than 500,000 foreign affiliates, are investing annually 400 billion dollars in plants, equipment, and offices outside their national bases, some 150 billion dollars thereof in less-developed countries. But of course, not all constitutes good news: Sennholz also points out that currently there are thirty on-going military conflicts, of different scales and intensity; also, that not all international trade barriers have been eliminated. Yet he states that globalization (“the present-day slogan for addressing international affairs”) has relaxed its control and awarded the private sector a fundamental role in economic production.

Thus with this historical introduction to globalization, we may now proceed towards the economic analysis of the process.

### **The Economic Implications of Globalization**

In tune with the words of Sennholz, quoted above, Alberto Benegas Lynch Jr. and Carlota Jackisch (2002, p. 126) explain that

the acceleration of globalization, understood as a technological phenomenon especially in the fields of telecommunications, led to significant transformations in the capital markets of the world, particularly during the last decade of the 20<sup>th</sup> century. Therefore new investment alternatives arose, such as the so-called “emerging markets,” and the flexibility and speed of access and exit of the diverse financial markets increased [...] Foreign trade, on the other hand, has not managed to globalize to the same extent. Despite the moderation of the exacerbated protectionism experienced between World War I and II, the world is still far from the free trade standards that dominated most of the 19<sup>th</sup> century. Conspiring against commercial globalization, we have first of all a firmly rooted anti-liberal mentality which has plagued international trade with military terms. Thus “*exportation*” becomes “*conquer of markets*”; “*importation*” is viewed as “*an invasion of products*”; duty increases are seen as “*in retaliation*” to similar increases previously sought by the other country, etc.

In this way, social engineering is the goal of entirely reconstructing society, without considering that these experiments necessarily have both unwanted and unforeseeable consequences, which lead to the exercise of yet more pressure upon the events in order to “straighten” society towards the desired direction. As again Benegas Lynch and Carlota Jackisch (2003, p. 18) affirm, “it is not rare that those who assume such a task do not hesitate to

‘sacrifice a generation’—as was commonly heard in the Soviet Union—if the distant ideal demanded it.”

Returning to Hayek, this “social engineering” is clearly “constructivist rationalism,” which we can summarize according to the following points: a) the belief that all institutions that benefit mankind have been in the past, and must be in the future, created with a clear knowledge of the desired effects they produce; b) that they must be approved and respected only as far as we can demonstrate that the particular effects they produce in a particular situation are preferred over the effects another arrangement could produce; c) that we have the power to design our institutions so that, of all the possible results, the one we prefer will indeed result; d) that reason must never turn to “mechanical or automatic” tools when a conscious consideration of all factors preferred a result different from the spontaneous process. According to Hayek, from such form of rationalism or social constructivism derive all modern forms of socialism and totalitarianism.

This is what Ludwig von Mises (1959, p. 27–28), in one of his six conferences given in Buenos Aires, labeled as *interventionism*:

Interventionism signifies that government does not restrict its activities to the conservation of order and security; it wants more; it interferes in the market. . . . It does not limit itself to the protection of free individual activity; it wants to interfere with prices, salary scales, interest rates, profit margins. It purports to restrict the supremacy of the consumer, arrogating his powers, or at least a part of them.

It is the same von Mises who in the sixth part of his *Treatise on Economics Human Action* (1949, p. 716–861), dedicates almost one hundred fifty pages to the study of “The Hampered Market Economy” under the thesis that “any state intervention generates exactly the effects that were proposed to be avoided by the intervention, and surcharged.”

Social engineering, deliberately created, was conceptualized by Gabriel Zanotti (2002) as the “globalization of interventionism” which according to his analysis presents the following facets:

First, we encounter the *interference by taxation* (*Human Action*, pp. 737–42): “any tax on rent or capital is criticized as something that simply decreases the existing *capital rate* and consequently diminishes real wages, harming lower-income sectors.”

Then we have the *restriction of production* (*Human Action*, pp. 743–57): “any state intervention regulating tariff is rejected as something that far from increasing prices and employment, will significantly reduce them, in addition to creating an economic system based on privilege.”

*Interference with the structure of prices* (*Human Action*, pp. 758–99) is described next. Apart from aggravating inflationary problems, it is peculiar that Mises warns against the dramatic consequence of fixing the salary (one of those prices) above its productivity, producing unemployment. That is when he begins his criticism against union activity of the fascist type.

The following subject is the description of perhaps the most important chapter for the present essay, and that is *currency and credit manipulation* (*Human Action*, pp. 780–99): “state monopoly over currency and control of the monetary supply necessarily imply inflation. Credit expansion implies an artificial period of expansion followed by its inevitable effect: recession.”

Fifth, we find a critique regarding *foreign exchange control and bilateral exchange agreements* (*Human Action*, pp. 800–803), as well as a clarification of the negative consequences that follow the implementation of politics that today we would frame under the title “living on our own.”

We then observe another chapter on *confiscation and redistribution* (*Human Action*, pp. 804–11), predicting its obvious effect: “*de-capitalization*, added poverty and *underdevelopment*.”

He concludes with a criticism towards *syndicalism and corporativism* (*Human Action*, pp. 812–32), “that fascist bond between the labour unions and the state that leads to ample and devastating unemployment, followed by a critique regarding bellical mentality as an excuse for state intervention.”

The economic analysis thus presented, it is time to analyze the judicial order that arises in parallel with the last acceleration of the process of globalization.

## **Globalization and International Order**

The latest acceleration of the globalization process has generated a new international order, constituting an important challenge to the *fatal conceit* of those who always wish to *impose* a social order. The various governments cannot secure a way to control commerce through the internet, while often discovering themselves outside of the legal institutional frameworks that the parties draw according to their interests.

In the international contracts between two parties that operate in different countries, the parties frequently agree upon the submission to a certain jurisdiction, should any dispute eventually arise; this implies that the parties, in spite of buying raw materials and producing and selling final products within a certain national state, may not be tied to resolving its affairs according to the legislation and jurisdiction of that same country, but of a third.



Many economists and lawyers would affirm the impossibility of conceiving the provision of a voluntary “legal order” furnished by the parties themselves; and yet, in the international arena this is precisely what happens.

The WTO is intent on coordinating negotiations to reduce trade barriers, but there is no such thing as a “Universal Court” before which one might demand the fulfillment of signed contracts. Without it, how is it that these exchanges are not only possible, but also generally satisfied?

The importance of “*public enforcement*” in international trade is very small. Nevertheless the Austrian School, through Hayek and his followers, provides a few answers to the afore-stated questions. Let us keep in mind that when potential profit from exchange can be expected, individuals will search for the means to overcome the obstacles encountered along the road. This is the reason for the surge of private international arbitration, private international law or *Lex Mercatoria*, and a series of important customs and traditions that punish tradesmen that do not fulfill their promised obligations. It is these long-standing, evolving institutions—and *not* governments—that are mostly responsible for the great acceleration of the process of globalization that is currently underway.

Let us take, for example, the case of private international arbitration: today most legal controversies derived from international contracts are not settled by the application of public enforcement, but rather on the basis of this system of arbitration. In this respect, Julian Lew (1978, p. 589), in a specialized empirical study of the matter, states that around 80 percent of disputes regarding foreign trade contracts are solved by way of private international arbitration, adding that this percentage will continue to increase as time goes by.

This has led, from 1990 onward, to the inclusion of private international arbitration clauses in as much as 90 percent of international contracts, in order to eventually avoid judicial litigation.

Private arbitration is certainly an option within legal literature, and presents numerous advantages in comparison with public enforcement. Consider: to begin with, the parties can count on the possibility of selecting the arbitrator, which implies that they have the opportunity of choosing an arbiter specially suited for the decision of the dispute. In turn, this brings about many other benefits, since the arbitration can be obtained much sooner, and usually with lower litigation costs; and this is frequently due to the fact that the parties must present less information than if they had to present their case before a judge unversed in the matter at stake. Also, it must be noted that rivalries under a context of private arbitration tend to be lessened, thus usually the parties can and will continue to do business together.

On the other hand, doubts may arise as far as the punishment of the defeated party: who guarantees he will accept the arbiters ruling? Experience proves that cases where enforcement must be brought about are minimal. Böckstiegal (1984), for example, explains that “these arguments tend to overstate the problem. All investigations on the practice of international arbitrage show that the vast majority of cases are decided and fulfilled without the need of enforcement.”

It must also be taken into account that, as David Charny (1990, p. 412) points out, the parties generally decide to submit to the arbiter’s ruling of the case because of the non-legal sanctions this decision entails. In this sense there exists extensive literature on private incentives or motivators, such as *reputation*. An example of this may be seen in the aforementioned case of two parties wishing to continue their business together once their present dispute is settled; which implies that both are willing to accept the decision derived from the arbitrage.

It is also important to emphasize that this does not constitute a problem at all, inasmuch as the submission to private international arbitrage does not suggest the replacement of the traditional court judge. The plaintiff can always recur to government enforcement if he wished to secure a penalization, although of course he will usually have to recur to the defendant’s jurisdiction. Hence private arbitrage, despite being the most widely spread and most frequently chosen system for the resolution of international conflicts relating to commerce, becomes a complement of public enforcement, but not its substitute.

In this manner, the process of globalization gives birth to private international law, which allows its qualification as a predominantly polycentric system of customs, created by commerce among communities through negotiation, contracting and conflict resolution processes. Negotiation (often through a mediator) is the chief method for conflict resolution, however when a third party is needed to impose a solution, the parties almost invariably submit to a private international arbiter. This “law of customs” and the solution of disputes through arbitrage emerge spontaneously, when necessary, and inflict private measures. Enforcement is hardly needed and rarely utilized, owing to the ample benefits of arbitrage and the application of a set of specific rules.

### **Cultural Implications of the Process of Globalization**

Canadian professor Herbert Marshall McLuhan, in his book *The Gutenberg Galaxy: The Making of Typographic Man* (1962), describes how electronic mass media collapse space and time barriers in human

communication, enabling people to interact and live on a globe scale. He coined the expression “global village” as a way of illustrating how electronics convert vast spaces into reduced regions (“virtual reality,” later systematized by Howard Rheingold). The revolution in communications has notably contributed to tighten relationships between people of diverse places.

The process of globalization we describe no doubt has strong implications regarding the societies in which it is introduced. Mises (1959, p. 11), in one of his conferences given in Buenos Aires, observed the difficulties that the English society endured during the Industrial Revolution: “The *industrial system* evolved in constant battle against innumerable obstacles. It had to overcome popular prejudices, established customs, and restrictive legal norms and regulations.”

Yet the English society, as well as all those who embraced the progress that the adaptation of the Industrial Revolution implied, emerged strengthened from the said acceleration of the process of globalization. Living standards gave an undreamed-of leap. Hayek explains (1988, p. 17):

Although cultural evolution, and the civilisation that it created, brought differentiation, individualisation, increasing wealth, and great expansion to mankind, its gradual advent has been far from smooth. We have not shred our heritage from the face-to-face troop, nor have these instincts either “adjusted” fully to our relatively new extended order or been rendered harmless by it.

But, what implications does the process of globalization have regarding culture? Etymologically, explains Benegas Lynch (1994, p. 6),

the expression “culture” derives from “to be cultivated.” The fertility of human efforts towards being cultivated, that is, to reduce his ignorance, is in direct proportion to the possibility of contrasting his knowledge with others. It is only possible to incorporate fragments of fertile earth, in the sea of ignorance in which we debate, as far as there is room for open discussion. Much oxygen is required: many wide-open doors and windows. Culture does not belong to a certain latitude or other, it is the result of innumerable individual contributions within a context of an unending evolutionary process. The allusion to “national culture” is just as off-key as referring to Asian mathematics or Dutch physics.

Accordingly, culture can never be ascribed to a specific place and much less be attributed to a collective being. The Nation does not think, nor does it create, reason, or produce anything. It is specific individuals who contribute by adding particles of knowledge, in a galling road sown with refutations and corrections that enrich the original contributions.

In every city in which it operates, the process of globalization creates a course of action similar to that of Vienna, in the days of Mises's youth, from which results an *extended order that knows no boundaries*. William Warren Bartley III (1989) illustrates:

Again we return to Hayek's expression, "extended order." This idea has an extraordinary force, as does Hayek's explanation of the way order extends itself through diverse types of competition, especially competition regarding knowledge, which in its turn includes the competition amongst the traditions and institutions that derive from that knowledge. In this competition, information, traditions and institutions that adapt to reality are evolutionarily chosen. This extended order has no boundaries.

Hence culture does not recognize any geographical location; it is by its very nature cosmopolitan. Nationalism, by contrast, seeks to establish, in the words of Alberto Benegas Lynch Jr. a "fenced culture" that must be preserved from the contamination that the contributions generated outside the nation's borders would provoke. "The local" is always a value, and "the foreign" a disvalue, with which culture is destroyed and ultimately transformed into a kind of troglodyte narcissism that resembles the tribal more than the cultivated spirit which is necessarily cosmopolitan.

Of course, affection towards the place of one's birth, of one's very life, as well as an attachment to good tradition, are only natural, and even healthy for progress; but it is very different to declaim a telluric love that would include only the territory of one country, dismissing any other places and peoples which, objectively, are apt for greater affinity and closeness, if only they were not to be discarded simply due to their situation on the other side of an always artificial political border.

Ultimately, nationalism is not natural, but rather the fruit of social engineering, imposed by force. There is probably nothing more unnatural than the delimitation of boundaries, resulting from agreements between belligerent parties, battles and conquests.

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## Final Reflections

The study we undertook regarding the process of globalization has clearly shown that the world has tended towards a process of integration and world peace. Let us review:

1) In a *historiographical* sense, we have observed that the birth of the process of globalization—just as language, commerce, division of work, money, price systems, law and all the other institutions that Hayek has investigated throughout his works—is found in human will, but never in human design. Nobody sought to deliberately create such a process, with the aforesaid characteristics. Rather, the process originated spontaneously, from the interaction of individuals in society, seeking to satisfy their own individual interests. In the words of Hayek (1988, p. 44):

The more one learns about economic history, the more misleading then seems the belief that the achievement of a highly organised state constituted the culmination of the early development of civilisation. The role played by governments is greatly exaggerated in historical accounts because we necessarily know so much more about what organised government did than about what the spontaneous coordination of individual efforts accomplished.

... Governments have more often hindered than initiated the development of long-distance trade. Those that gave greater independence and security to individuals engaged in trading benefited from the increased information and larger population that resulted.

2) Under the perspective of an *economic analysis*, as Erich Weede (2004) explains, “capitalism and economic liberty promote peace.” Why? Because as Hayek has explained in numerous works, as far as the market process is allowed to operate freely, it will coordinate the use of resources in the most efficient way, generating wealth and undermining poverty. This is how free trade through its voluntary exchanges establishes peace as a way of life, leaving the use of force on the margins of social relations. In other words, we must admit that Aristotle, Saint Thomas and even Marx himself, were wrong in stating that exchange is a zero-sum game, in which if one party benefits, the other necessarily loses. Voluntary exchange is a positive-sum game. This is the “magic” of liberalism.

On the other hand, social engineering tends to limit these voluntary exchanges and with them, pacific agreements. On the basis of the concept of state interventionism we have introduced earlier, we must understand that any intent of global planning would, paradoxically, *disorganize* the system, by *unarticulating* a key ingredient given in any spontaneous order: “the price system” or, in other words, the information system through which the dispersed knowledge is synthesized.

As Hayek (1988, p. 43) affirms, the fact

that the human race eventually was able to occupy most of the earth as densely as it has done, enabling it to maintain large numbers even in regions where hardly any necessities of life can be produced locally, is

the result of mankind's having learnt, like a single colossal body stretching itself, to extend to the remotest corners and pluck from each area different ingredients needed to nourish the whole.

This is the achievement of the process of globalization, in the economic sense of the term.

3) From the viewpoint of *international order*, we have observed that as far as the process of globalization is promoted, disputes tend to resolve more and more without needing *public enforcement*, and increasingly through *private international arbitrage*. Businessmen have come to realize that the only way of survival in this dynamic, versatile, changing world is through the creation of an image of respectability and strength. Fraud will doubtlessly continue to exist, but with a tendency towards extinction. It is increasingly notorious that those companies that use fraud as a means for generating wealth are rapidly eliminated from the market.

4) Finally, from an *ethical-cultural* point of view we have demonstrated that the process of globalization generates a cosmopolitan environment. As was aforementioned, the term "culture" etymologically derives from "to be cultivated," this requires an "open discussion," "much oxygen," "wide-open doors and windows," and, fundamentally, "open borders."

Nationalism, on the contrary, proposes exactly the opposite. Those who embrace the patriotic values and profess a telluric love for their country and their "fenced culture" move within Plato's cave, where everything is dark, though familiar.

Globalization comes forth with a message for new hope. The process of globalization creates a cosmopolitan society, in which there are no differences of race, religion, ethnics or any such thing. Each society is enriched (not only economically) by its interrelations with other societies.

We will never be able to say that a society is free, that the process of globalization is operating in the peak of its splendor, as long as borders are not open, as long as social and commercial relations are limited by politics, as long as migratory movements are checked.

Perhaps these last points are what give the most strength to the "cultural and cosmopolitan globalization" we study here. Migratory movements ultimately mobilize knowledge, introduce additional modifications to our shared history and enrich culture. This is the only path that can lead us to development and world peace.

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